



STATE OF CALIFORNIA  
GRAY DAVIS, GOVERNOR  
BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Department of Managed Health Care  
Office of Enforcement  
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RECEIVED

JUL 15 2003

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July 15, 2003

VIA FACSIMILE TO (562) 424-0150 & U.S. MAIL

Mr. Mehdi Moussavi  
Chief Financial Officer  
Dental Health Services  
d/b/a South Hills Dental Plan  
3833 Atlantic Avenue  
Long Beach, CA 90807-3505

RE: Enforcement Matter No. 01-142

LETTER OF AGREEMENT

The Office of Enforcement of the Department of Managed Health Care (the "Department") has completed its investigation of Dental Health Services' ("DHS") failure to operate consistent with a policy submitted to the Department, in violation of section 1386, subsection (b)(1). Based on the facts set forth below, the Department has determined that the Plan has violated the Knox-Keene Act in this matter.

On June 20, 1996, the Department, in its Confidential Report of its Routine Financial Examination, directed DHS to implement a procedure to assign a primary care dentist to each enrollee who did not voluntarily choose one. In its July 22, 1996 response, DHS stated that it revised its assignment protocol, so that each month its system selects members of record after 90 days for assignment to a provider. During its February 15, 2001 routine financial examination, the Department determined that the Plan was not assigning all enrollees to a primary care dentist according to this procedure. (Health & Saf. Code § 1386(b)(1).) The financial examination also revealed that DHS did not maintain records sufficient to establish which enrollees voluntarily selected a primary care dentist and which enrollees were assigned to a primary care dentist by the Plan. (See Cal. Code Regs., tit. 28, §1300.85.1.)

Letter of Agreement - DHS

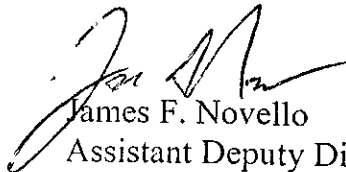
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The Department seeks to ensure that health care service plans operate consistent with the policies and procedures which they submit to the Department. The Department also seeks to ensure that plans maintain all books and records necessary to establish that they are operating consistent with these policies and procedures. DHS has acknowledged its failure to assign enrollees consistent with its July 22, 1996 policy, as well as its failure to maintain records of the enrollee assignments made by the Plan.

The Department has determined that an administrative penalty of \$20,000 is warranted. The Plan has agreed to pay the penalty. This letter of agreement will resolve all issues raised in the Draft Accusation faxed to the Plan's counsel on May 30, 2003.


Sincerely,



James F. Novello  
Assistant Deputy Director  
Office of Enforcement

Accepted by Dental Health Services

DATE: 07-18-03



Godfrey Pernell, D.D.S.  
Chief Executive Officer and President  
Dental Health Services